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PAYMENT OF GOVERNMENT BONDS.

SPEECH

OF

HON. L. Q. C. LAMAR,

OF MISSISSIPPI,



IN THE

SENATE OF THE UNITED STATES,

JANUARY 24, 1878.

WASHINGTON.

1878.



Solomon 1873 A. L. 116

S P E E C H
OF
H O N . L . Q . C . L A M A R .

The Senate having under consideration the resolution of Mr. MATTHEWS, relative to the payment of bonds of the United States in silver—

Mr. LAMAR said :

Mr. PRESIDENT : The resolution of the Senator from Ohio, omitting its preamble, reads thus :

That all the bonds of the United States issued or authorized to be issued under the said acts of Congress hereinbefore recited are payable, principal and interest, at the option of the Government of the United States, in silver dollars, of the coinage of the United States, containing $412\frac{1}{2}$ grains each of standard silver ; and that to restore to its coinage such silver coins as a legal tender in payment of said bonds, principal and interest, is not in violation of the public faith nor in derogation of the rights of the public creditor.

To this resolution various amendments have been offered, among others one submitted by the Senator from Vermont, [Mr. EDMUNDS,] which reads in the following language :

That all the bonds of the United States issued, or authorized to be issued, under the said acts of Congress hereinbefore recited are payable, principal and interest, in gold coin or its equivalent ; and that any other payment without the consent of the creditor would be in violation of the public faith, and in derogation of his rights.

I shall vote, Mr. President, against both of these resolutions, because I believe that the issue thus made up and joined does not set forth fairly and fully the true issue involved in the great change which is proposed to be wrought in the monetary system of this country by certain measures now awaiting the action of this body. This I think is manifest from the remarks with which the Senator from Ohio [Mr. MATTHEWS] opened his argument in advocacy of his resolution. He stated very distinctly that he would not consider the question as to what the interests of this Government and of the country required in connection with the exercise of the rights therein asserted. With equal emphasis he waived off the question as to what a sound policy would dictate with reference to the legislation contemplated by his resolution. Refusing to consider either the question of policy or expediency he confined himself to the sole issue of the right, the legal and moral right, of the Government to so frame its legislation as to pay its public creditors in silver coin containing $412\frac{1}{2}$ grains in the dollar.

Now, sir, the very fact that these important and grave considerations are not deemed pertinent to the discussion of the resolution is, of itself, in my opinion, a sufficient and conclusive objection to its adoption. Suppose, when the measures which are lying behind this resolution come up for discussion, the fact should be developed that the law which is necessary to be enacted before this asserted right can be exercised and put in force would be prejudicial to the interests of this Government. Suppose that we should become satisfied

that such a measure conflicts with the well established principle of sound national finance; that it not only runs counter to the lasting prosperity of the country, but may inflict an incurable blow upon the public credit. What then would be the result of the adoption of such a resolution? Not merely the bare assertion of an abstract right, I respectfully submit; something more than that; a solemn declaration to the world which, lying upon our records, would be pregnant with embarrassment and injurious misconstructions along the whole track of our future financial interests.

I think a reference made by the Senator from Ohio to a point in our financial history very strikingly illustrates the force of this objection. He stated that the legislation of 1869 was made necessary by the doubts, the apprehension, and the mistrust which arose from a prevailing opinion expressed by statesmen and jurists that the principal of our public debt at that time was payable in our legal-tender paper money, the greenback currency of the country. To settle the question and to remove this distrust, to quiet these apprehensions, to clear away the obstruction to the funding of our bonds at a lower rate of interest, and to bind the Government by a solemn act of Congress that these bonds with all its other debts should be paid in coin, the act of 1869 was enacted. It was, as its style declares, "An act to strengthen the public credit;" the public credit which was shaken by the construction to which the Senator referred.

Sir, in my opinion, the argument in favor of the right of the Government to pay the principal of those bonds in greenback currency at that time was just as strong, and if possible stronger, than that now made in favor of the right of the Government to pay its present debt in silver coin containing 412½ grains in the dollar.

By the law of the land this greenback was then, as it is now, "lawful money" and "a legal tender in payment of all claims and demands against the United States, except for interest upon the public debt and duties on imports." These provisions of the law were indorsed upon the note itself. The commercial world, the business public, had notice of the law under which the bonds were issued, and the business world negotiated and accepted these bonds, advancing for them this very currency, and in some instances at a prodigious discount. As a lawyer, I concur in the opinion that at that time these bonds were payable in greenbacks according to the literal construction of the contract as it was originally executed. It would not have been a matter of any importance, it would not have been a subject either of interest or inquiry whether they were payable in greenbacks or coin, had the Government performed its promise of redeeming its greenback currency; for in that case the two would have been convertible. The holder of our national securities would have felt no more interest in the question as to whether they would be paid in gold or silver than the holder of an English security is now interested in the question of the payment of an English bond in the notes of the Bank of England or in gold.

But, inasmuch as the greenback was not redeemed and was therefore depreciated in value by reason of the Government's own act or rather its default, the question arose whether it could afford to stand upon the letter of its contract. The very agitation of the question caused alarm among the public creditors, and, in the face of the peril to which it subjected the credit and finances of the Government, the legislators of that day felt themselves bound to do what they deemed was equitable as well as politic, which was to pledge the Government to pay its debts, not in its own unredeemed and depreciated notes, but in coin.

I am not now disenssing the ulterior purposes which in this debate are charged to have been the real motive of this legislation. I am considering it in the light of the *reasons* which are relied on as its justification, *i. e.*, that it was demanded by good faith and financial necessity. Now, sir, had some Senator, pending that discussion, like my friend from Ohio, enamored of the juridical aspect of the question alone, introduced a resolution with a preamble reciting the laws under which the public debt was created, and concluding with the declaration that the principal of "all the bonds, issued by the United States under the said acts of Congress, is payable, at the option of the Government, in the legal-tender notes of the United States, and that such payment is not in violation of the public faith nor in derogation of the rights of the public creditors," and had the two Houses, after a declaration by the mover that he wished the legal right asserted, irrespective of what the interests of the people or the suggestions of financial wisdom might require, adopted such a resolution, what, sir, would have been the effect of such action upon the attempt to fund the public debt at a lower rate of interest? Its effect then would have been precisely what the effect of this resolution will be if it is adopted; not merely unfavorable, but, I fear, sir, disastrous.

The resolution of the Senator from Vermont [Mr. EDMUNDS] in my opinion is amenable to the same objection. I do not believe it wise or politic or statesmanlike for the two Houses of Congress, in advance of any legislation, in advance of any settled policy, to proclaim to the world their position upon a naked legal point, isolated from all the other important aspects of this sweeping and radical revolution in our monetary system, involving as it does an utter overturn of all existing financial conditions. However it may do in logic, it will not do in practical legislation to lay down and commit yourself to any premise until the other terms of the proposition are well defined and established.

There is another objection. In all these resolutions offered as amendments and substitutes there is, under the circumstances of their presentation, an implied committal against the policy of the remonetization of silver. Such a committal, even by implication, is in my opinion at this time extremely inopportune and ill-advised. I believe that there is a method of remonetizing silver, indeed there is more than one method, so as to place that metal upon a solid and lasting foundation as a part of the currency of this country. I believe that it can be incorporated into the national currency so as to conduce to the prosperity of the country, satisfy the popular demand, and that too without any shock to the great interests involved, and even with strengthening effect to the public credit.

By concert of action with all those nations who are favorable to the remonetization of silver I believe that a legal ratio between these two metals can be fixed so as to make what is called the double or the alternate standard feasible, at least sufficiently so to advance all the practical purposes of commerce and trade and business. It must be a fair and an honest ratio, one in which the legal relation between these metals corresponds to their actual relation, and there must be co-operation in order to insure this result, for I think I shall be able to demonstrate that we can make but a slight impression in that direction standing solitary and alone.

Several Senators on this floor in advocating this measure have urged it in this which I consider its most important aspect; and as the Senator from Tennessee [Mr. BAILEY] has set it forth with admirable clearness, force, and brevity, much more so than I can state

it in my own language, I ask the Senate to indulge me while I read this view thus presented. He said:

It seems to me, however, that these gentlemen overlook the fact that the object in remonetizing the silver dollar is not alone to furnish money for the payment of the public debt.

Then what?

The main purpose—

Says the Senator from Tennessee—

is to arrest the movements inaugurated in Europe and blindly followed in this country to destroy a great part of the wealth of mankind; it is to restore the silver dollar to the service of the world.

An admirable object, and one which furnishes the strongest argument in favor of a movement looking to silver remonetization.

He says again:

Mr. President, I believe that the Congress of the United States by prompt and decided action can arrest the movements looking to the demonetization of silver, and thereby prevent the consummation of what I can but regard as a crime against humanity, the destruction of one-half the money that belongs to mankind.

Sir, we can arrest this movement. Our influence among the nations is commensurate with our great population, our vast commerce, and advanced civilization. That influence thrown now into the scale will arrest the attention of the world; it will check the movement of Germany already brought to a halt; it will sustain the States of the Latin union in their struggle so long maintained without support. Our action will compel all people to reconsider this question, and count the cost of such gigantic destructions of wealth and the means of creating wealth.

Now, sir, I for one am not an advocate of monometalism either of gold or silver; and while I am in favor of going as far as sound policy and principle will permit toward the establishment of a dual system with a fairness of relation between these metals in the circulation of this country, I do not believe that the bill which was reported from the House and that which is reported as a substitute by your committee will accomplish that object. I believe the result of that bill will be not bimetalism in America or in Europe. Its peculiar and all-overshadowing feature is that one metal and one metal alone shall be the exclusive ruling element of American currency, and that metal shall be silver. And I say, with all respect to my friend from Tennessee, that if the financiers of Germany and England had combined together to devise a scheme which should drive the silver as money from the markets of Europe forever and establish silver monometalism in this country, they could not have invented one more efficient than that which has been reported by the committee, unless it is the one for which it is a substitute.

I am aware of the boldness of this assertion and I beg Senators to believe that with my experience here I should not venture upon it without ample authority to fortify the assertion. Nor do I intend to invoke to my aid any opponent of the restoration of silver to the currency of the nations or to the currency of this nation. I shall call no bondholder upon the stand. I shall cite no witnesses except those who have made themselves distinguished in their effort to restore silver to the circulation of the world.

Now, sir, the first that I shall ask attention to is a gentleman who has made himself conspicuous among a group of authors, all of whom are distinguished for their efforts in struggling not only against the demonetization of silver in Europe, but for its remonetization there and its remonetization here. I allude to Mr. Cernuschi, a writer of great power and brilliancy as well as a most acute thinker, who has for many years consecrated his great abilities to the cause of bimetalism both in Europe and in America. I have in my hand a work of his entitled *Nomisma, or Legal Tender*, containing, besides, his testi-

mony before the United States monetary commission. The author is an ardent advocate of the restoration of unlimited legal tender of silver in this country and of its free coinage. No one can read his writings without feeling his own mind strengthened and enriched by the contact. And in order that Senators may understand fully that no advocate of silver remonetization is any more advanced in his position or demands for silver than he I will first read what he has to say on this subject :

For the United States to resume specie payments it is necessary for them to rehabilitate silver ; give the silver dollar the same value as the gold dollar, then accept silver at the custom-houses, and be able to pay their European bondholders in silver dollars.

So earnest is this gentleman in his advocacy of this movement that when he heard of the appointment of the United States monetary commission, instead of corresponding with that body, he crossed the Atlantic in order to give his evidence in person. I call attention to what he says upon the subject referred to by the Senator from Tennessee. Mr. Bontwell asked him this question :

If silver and gold should be used throughout the United States, the Latin union, Holland, and India, upon the same basis of relative values, what would be the effect?

Here is his answer, and I read this part simply to show that this gentleman is an unqualified enthusiastic (even to an extreme) advocate of the theory of the double standard. And I wish to say here that, in my opinion, many of the economic principles which Cernuschi, and Ernest Seyd, and Hay, and other European writers on this subject have laid down in advocacy of the restoration of silver to its former place as money have not been successfully controverted, and in my judgment cannot be. Here is his proposition :

I maintain that the effect would be to constitute a strong mass of money composed of gold and silver, but without possibility of variation in value of the one against the other.

He develops this theory at some length, with which I will not detain the Senate. But now for the next question :

What, in your opinion, would be the effect of an agreement to use both metals in the United States, in Europe, and in India?

Answer. The effect would be that every variation, every perturbation in the relative value of gold and silver would be forever impossible. The quantity produced of the one or the other of the metals has nothing to do with the relative value of the two metals. The only cause which produces variation in the relative value of gold and silver is that which is shown in the laws of the different countries.

He exaggerates the influence of laws upon the value of money, and this I think the weak point in his theory. I read this simply to show the extent to which he goes in his advocacy of the restoration of silver to the currency of all the nations, the United States as well as Europe. I ask especial attention to the next question and his answer :

Mr. BOGGS. Supposing that in this country we restore our relation at 16 to 1, while in France and Europe generally it would remain at 15½ to 1, what would be the effect upon this country, and what would be the effect upon Europe.

I ask attention to the answer :

If you coin at the ratio of 16, France cannot coin at the ratio of 15½. * * * Then, if you coin at 16, you remain alone ; and it were better to maintain the greenbacks than to coin silver, if this metal is not also coined in Europe.

I would put this Government abreast of the Latin union at this very moment. If Senators do not wish to wait for co-operation, why go further than France? There is no doubt about the fact that, knowing that she cannot maintain her position as a bimetallic nation, France has stopped the coinage of silver altogether within her limits.

Again:

Question. Suppose that France keeps her mints shut, as they are now, and remains as she is, while the United States adopts the bimetallic system, with the relation the same as that which the Latin union has now established—Germany is prohibited from sending her silver to France, and the United States boldly adopts the relation of 15½ to 1—I ask what harm could come to the United States in such a condition of things?

Mr. Cernuschi answers:

This silver which would come from Germany here should have the effect of driving out all the gold.

Again:

Question. In the presence of the great demand caused by the wants of this country for the purposes of resumption, how long do you suppose would silver remain at a discount as compared with gold?

Here is the pregnant answer to that, and it is noteworthy not only on the ground of authority but on account of the intrinsic force of the suggestion:

The silver can remain at a discount forever. But this is not the worst; the worst is, that no fixity would ever be possible between the value of gold and the value of silver. If you are bimetallic when Europe is gold monometallic, you are bimetallic only by name; verily, you would be a silver monometallic country, such as India, and the monetary position of the United States against Europe would be exactly the same as is the present position of India against England, a position which engenders heavy losses to both countries.

I have read this, Mr. President, not only as authority I say, but to give to the public the reasons stated with a force far beyond the happiest efforts of my humble powers which control my vote on this important question. But, sir, I could cite other authority in Europe and England and in this country. I call attention now to the views of an author in this country with whom I am not personally acquainted, but whose book is full of rich and curious and rare information, and the argument is well made. It is the first elaborate work I think in this country in favor of using the remonetization of silver as the means of specie resumption, and it was written before this bill came before Congress. These are the works and teachings of thoughtful men upon the subject before it was flung into the arena of political strife, before passion began to rage around this question and parties began to shape themselves in reference to it. I am now about to read from the work of Mr. S. Dana Horton, in which the author advocates, just as Ernest Seyd and Cernuschi and Wolowski and Smith, all bimetallicists, have done, the remonetization of silver by free coinage, unlimited legal tender, and the payment of your public debt in silver. But the question of judiciously timing your measure is the most important question involved in this controversy; and what does he say upon that?

Under these circumstances, what course is left open to the United States?

It must be recognized that the movement toward demonetization of silver in Europe has in no proper sense spent its force. Motives, powerful to move nations as well as individuals, are still active in promoting it.

It was urged in France, before the Franco-German war, that in demonetizing silver, France would be enabled to sell its silver to Germany; and after the war, the similar expectation was held as to the sale of German silver to France.

The pride of leading personages in Europe is enlisted not merely in the maintenance, but also in the further extension of the gold standard, and it is from the demand for silver for the United States that the relief is expected which may facilitate the spread of their great error. It is "on the cards," and is an event upon which leading men in Europe calculate, that the United States may be trusted to fail to comprehend its true interest, and hence to deal crudely—

Excuse me, Senators, it is not my language—

to deal crudely with this momentous subject, in a word, that it may contribute its \$130,000,000 of gold to the stock of Europe and withdraw the weight of its demand for existing stock and annual product of gold.

It is obvious that for the United States alone to attempt to establish the bimetallic standard would result in failure to secure aught but the one depreciated metal.

I am aware, Mr. President, that I am reading more than is usual in arguments of this sort, but really this is a question in which the views of those who have given the subject calm and scientific investigation are entitled to more than ordinary weight.

After this book was published, a second edition was issued and what is known as the Bland bill was passed in the House, I think, after the first but before the second edition was published. I read from the appendix to the second edition.

The causes of the stoppage of silver coinage are not, in any proper sense, temporary. So long as the policy of demonetization prevails in a country which has silver to sell, other countries must abstain from maintaining free coinage of silver as legal tender, or consent to part with their gold in return for the silver thrown upon the market by their neighbor State.

But if a sufficient number of nations coin silver at one fixed equation with gold, silver would remain an international money, the par would be secured in permanence, and there would be no danger of the latter event above suggested. This was abundantly illustrated in the case of Holland, whose demonetization of a circulating metal (gold) in 1849 was made possible by the working of the bimetallic system in France and other countries.

All is different to-day. The northern countries of Europe are demonetizing silver; the product is increasing, and no great combination of nations exists to neutralize so violent a disturbance of the equilibrium of the metals.

Hence it is plain that the action of the Latin union in refusing to coin legal tender silver is, in the present phase of the question, *final*. It is an adjournment *sine die*. There can be no further action until the final situation is changed.

It is sufficiently obvious that the leaders of the Latin union are cognizant of these facts, and they are men who are not likely to stultify themselves. The Latin union cannot coin the silver franc if we coin the silver dollar at 1 to 16. She cannot become at once the sole receptacle of all the silver demonetized in Germany.

The bill—

Speaking of the bill in the other House—

is really an attack upon the bimetallic system, the restoration of which is needed for the future prosperity of the world, and if it becomes law it will prove an obstruction to the prosperity of the United States.

I have adduced all this to show that in the opinion of the ablest and most distinguished advocates of silver remonetization the effect of such legislation as is here proposed will consolidate the currency of all Europe on a gold basis and remand America to "the Asiatic rôle," and that of those poorer countries of Europe that are condemned by their very necessities to receive the rejected coin of the great commercial nations. I do not say this in any spirit of hostility to the restoration of silver; but the fact is true that that metal occupies a subordinate position in the currency of the ruling nations of the European continent. It is demonetized practically among two hundred and fifty millions of the population of the globe; that is, it is entirely demonetized as a legal tender in England and Germany and its coinage has been arrested in the Latin union, and it is demonetized in the United States. Silver cannot go into France to be coined, and the five-franc piece, which is the only silver coin that is a full tender there, is getting scarce.

Now, Mr. President, the fact of demonetization is a fact irrespective of our own wishes on the question, and the consequences of that fact are just the same whether demonetization was a grand, gigantic error of these enlightened nations or whether it was due to some inherent deficiency in the metal itself as a medium of modern exchange. We must legislate with reference to what exists, to things as they are, and not as to what we would like them to be. It has been said that the

causes which led to the demonetization of silver in Germany and its subordination in other European nations had no reference to its relative fitness for exchange as compared with gold. It has been alleged that its demonetization in Germany was due to political reasons exclusively, the policy of the Empire to unify and centralize its circulation and get rid of the diverse and somewhat discordant currencies of the German principalities. That is a good reason as far as it goes, but it was as easy for Germany to unify its currency upon a silver basis as upon a gold basis, and it does not explain why that government selected a metal which it had not and rejected a metal which it had as the material of its new monetary system. There must have been some other reason. It has been said in this debate that this demonetization was the policy of despotic governments whose policy was different from that of a free republic, and that their adoption or rejection of a system should not influence our decision on such a question. Sir, the nations in which these changes have taken place are those whose institutions are freer than the governments which have adhered to silver money. Their governments are responsible to public opinion, and the administration of their affairs is directed by an enlightened sense of the interests of their own people.

Another fact. How came France to stop the coinage of silver and to that extent demonetize that metal? France was not an empire when she did that nor was she under the same necessity which is alleged of Germany. The furnace of war which fused the German confederation into one empire simply melted off the imperialism of France and brought out her republicanism pure and unalloyed; and it was as a republic, under the leadership of Gambetta, Thiers, and others, that she flung back into the lap of Germany the demonetized silver which that power sought to force upon her, and thus performed a financial maneuver which gave her a greater financial victory over her haughty rival than that rival had won over her in the ruder game of war. It was not following her example, but it was simply thwarting the financial *finesse* of Germany with a measure of a like character.

Mr. President, this bill deals with two of the most delicate and sensitive parts of the apparatus of civil society—the currency of the country and the all-pervading relation of debtor and creditor. A great statesman has said that there was nothing in the arrangements of human society and government more sensitive, nothing that ought to be touched so cautiously, nothing that rash experiments would injure more seriously. It proposes that the old silver dollar shall be coined as legal tender and made equal with the gold dollar. Now I would ask Senators if the silver coin is not largely overvalued and gold undervalued by this proposed legislation? Will any one deny that the effect of this measure will be to drive whatever of gold circulation we now have out of the country? Such is the invariable effect of this legislation. When you make a certain weight of one metal the lawful equivalent of a defined weight of another metal as money, the overvalued metal is the cheaper one and drives the other out. You cannot open a work on political economy in which this changeless law is not stated. The coinage history of every country bristles with illustrations of it. Nearly every Senator who has spoken in favor of this resolution and the bill behind it has affirmed the existence and force of this principle in order to account for the limited amount of silver coined in this country at certain periods. They all attribute it to the overvaluing of gold and the undervaluing of silver, each affirming the cause to be that the cheaper money will always drive out the dearer.

The effect of the bill now proposed, if it becomes a law, will expel

the gold from the country to the extent that silver is used. The question then arises, should the legislation of this country be so framed as to establish one metal as the basis of currency and that metal to be silver? Is it a wise policy to legislate gold practically out of existence as money in the United States? Why should we substitute a silver currency for a gold one? What conceivable benefit will silver confer which gold will not confer in a much greater degree? In what one single attribute of money is silver so superior to gold as that our laws should expel the latter and make the former the controlling element of American currency? Take any of the functions of money, whether it be as a medium of valuation or as a means of purchase, or as a means of payment, or as a transporter of values, or a preserver of values, and in what one element is not gold the superior of silver? Both have their peculiar functions. Gold is the great commercial machine which swings the products of a country in one bulk from continent to continent, while silver sends these products, not in bulk but in littles, through the numerous and labyrinthian mazes of domestic exchange. We hear it said that the mountains of Nevada are producing this abundant material of money, and that we should have it coined into dollars for the people's use.

But, sir, our gold mines are still more productive of a far more valuable material for money. Then, sir, I ask again, what possible reason can there be for this legislation, which in effect demonetizes the more precious product of our American mines and the more abundant? Why should we avail ourselves of only one of these sources of money wealth to the exclusion of the other, especially when the latter furnishes an international money that puts our country *en rapport* with the whole commercial world, and the former is a commercial and financial insulator.

Sir, I am well aware that such is not the design of this bill, and that its advocates (those of them who admit that such will be its effect) regard that result neither with complacency nor indifference. Their view, so far as I can gather it, is, that expulsion of gold will be an evil, but an evil incident to the accomplishment of a much greater benefit. Judging by the arguments in favor of this bill, it seems to be pressed as a measure which looks not so much to the principles of a permanent financial policy for the securing of the future interests and the lasting prosperity of the nation as to the immediate relief of the present distress of our people, which is very great and deserving all of the sympathy which has been so eloquently expressed in this debate.

I fully concede that there is at the bottom of this consideration a strong principle of justice and humanity, and of wisdom also if the purpose could be accomplished. The skillful physician when he finds his patient writhing under insupportable agony at once administers laudanum or some other anodyne, although he may know that it will not cure the disease or restore vigor to the constitution. Now there is no doubt about the suffering condition of the people of the United States. It needs present and immediate relief. The distress spreads over the entire country, extending to every class of our population, merchants, farmers, manufacturers, men of business, and laborers. It is a mistake to suppose that those who live on the income of fixed investments or borrowed capital have escaped. The shrinkage in the value of one single class of bonds is stated at the sum of \$2,000,000,000. I am prepared to vote for any measure that will give relief to all these suffering interests, and I will not hesitate to do so from the consideration that it will enable debtors over this country to pay their debts at ninety cents on the dollar. The public man or statesman who will introduce a measure that will enable the peo-

ple of this country—the indebted classes—to lift their debts by the payment of ninety cents or eighty-five cents on the dollar will be a benefactor to his generation; and the creditor class will be as much the recipient of the benefaction as any other, for what could be the loss of ten cents upon the dollar to the creditor class of this country compared to the sacrifice and the insolvency and the beggary and the poverty and the fraud and the ruin and the desolation which are now threatening them? But, sir, how will the remonetization of silver give this relief? We are told that it will bring from our mines in Nevada and the demonetized silver of Germany the needed supply for the wants of our people. It is expected to produce activity in the business and industry of the country, employment for laborers, higher prices for products, and help to the indebted classes in their struggle to escape the burdens which are crushing them into poverty. Mr. President, this is indeed an alluring prospect, and when presented to a people enduring the privation of poverty and the torture of threatened insolvency, it is but natural that they should look upon a measure promising relief with all the eagerness of hope; it is but natural that they should listen with impatience and irritation to the stern truth which negatives these sanguine hopes and the probabilities, founded on past experience, that such measures promising a wholesale relief to the ills of a people will produce not the effect expected, but the very reverse.

And when the delusion vanishes and the stern reality reappears, how cruel the disappointment, how much keener the suffering.

Sir, it does seem to me so clear that the relief which is promised for this measure is delusive that I would be criminal if I did not speak my honest convictions.

It is said that all this prostration of business and industry, this destruction of prosperity, is due to the scarcity of money growing out of the policy of contraction; that remonetization will supply the deficiency and restore prosperity.

Let it be conceded for argument sake (and I concede it only for argument sake) that the scarcity of money is the cause of all the financial distress the people of the United States are now suffering. Before any one is authorized to promise or anticipate that the remonetization of silver will increase the volume of the currency, and thus relieve the people from the evils of scarcity of money, he should show that it is the absence of silver at this time from the channels of circulation, as the effect of demonetization, which causes this scarcity. If it can be shown that, but for the absence of silver from our circulation, money would have been abundant instead of scarce, a very rational foundation is laid for the hope that remonetization will bring us the promised relief. Unfortunately facts show the reverse to be true.

The advocates of this measure have, in order to show what an insufficient supply of money exists in the United States, cited the fact of the great disparity between this and other countries in respect of the proportion of money to population, England having, as it is stated, (not with entire accuracy, but let that pass,) from \$27 to \$30 *per capita*; France, \$44 *per capita*; Germany, \$24 *per capita*; while the United States has something under \$20 *per capita*. Now, sir, it is a remarkable circumstance that the very nations which are cited as having a more plentiful volume of money are the very nations which have demonetized silver. It is true, sir, that these three nations, two of which have demonetized silver and the third stopped the coinage of it, have in proportion to population a larger volume of money than we have. But that fact proves, if it proves anything, that demonetization of silver does not cause a scarcity of

money. It shows that the absence of silver and scarcity of money are not necessarily coexistent phenomena.

But there are other facts in this connection which still more positively negative the presumption that remonetization on the plan now proposed will augment our quantity of money. We have had given to us by a Senator a table of nations in which silver is the sole legal tender, and of those in which gold is the sole currency, and of those in which both gold and silver are legal tender.

In the list of those having silver money alone, Austria comes first. There silver and paper are legal tender. Surely, if unlimited legal tender of silver is all that is wanted to insure abundance of money, then Austria ought to have that abundance. But in point of fact how does Austria stand in the proportion of population to money? Below England, below Germany, below the United States. Why is this? Austria is a silver nation. I do not mean that it has got silver mines, but it has silver coinage and unlimited legal tender of silver, and the mines of Nevada and the thalers of Germany could flow there, if something else did not prevent their going; and yet, with silver coinage and an unlimited legal tender of silver, Austria has only \$15 to the head, or, as some authorities put it, \$17. It seems to me that if silver coinage and silver legal tender are only necessary to have an overflow of silver into a country, Austria would be that country, and her poet might exclaim:

If there is wealth to be found in the world,

A heart that loves silver might look for it here.

For she has got the very law you propose, and yet the silver does not flow there. And Russia, that great colossal despotism, which is extending its conquests almost into the heart of Europe, and threatens to be to some extent its arbiter—Russia is also a silver country. Her metallie currency, according to the most trustworthy authorities that I have been able to consult, is, like that of Austria, exclusively silver and some baser metals, and yet in that country of silver coinage and legal-tender the proportion of money to population is only \$12 *per capita*. It is apparent from these facts that while there may be an abundance of money where silver money is abolished, so there may be likewise a great scarcity of it where silver is recognized and used as the exclusive metallie basis of circulation.

Now, sir, I wish to be understood as not citing these facts to show that silver either in its presence or in its absence is the cause of scarcity or abundance of money. I mean only to show that scarcity of money and the presence of silver as a legal tender with free coinage are not necessarily coincident facts and they do not sustain to each other the relation of cause and effect. The fact is, the proof shows, as far as I have been able to consult the authorities—and I have looked over a large number of them—it neither increases nor decreases the amount of currency in a country. The fact seems to be that the cheapness of silver (caused by demonetization and the discovery of new mines and other causes which I cannot now go into) has only served, in those countries open to its unobstructed inflow, to displace gold. There seems to be just so much of a capacity for metallie currency in those nations, and the flowing in of silver simply causes an outflow of gold without any rise in the volume.

It is something like what is seen in my State, where a crevasse breaking through the banks pours its water into a bay or a harbor of the Gulf. It does not deepen the bay. Ships of no heavier draught than before can bring in their freight on account of it; it simply dilutes and displaces the strong salt quality of the water and destroys the oysters and other fish of which there was a plentiful abundance before the influx of fresh water.

There is another fact worthy of attention in this connection. Before 1873 we had silver coin and legal tender unlimited, and yet the greatest contraction of our currency was between 1866 and 1869. Silver was demonetized in 1873. In that year our circulation was in round numbers \$738,000,000. In 1874 the circulation rose to \$779,000,000; and this was after the demonetization of silver. I state this fact to show that neither the remonetization nor the demonetization of silver has any very great effect upon the volume of currency in this or any other country in the present monetary condition of the world. It may be asked what, then, is the thing which makes the United States have less money in proportion to population than the countries heretofore named, if it be not the exclusion of silver. Sir, it is the result of many causes. I have time to refer to but one, which of itself as long as it exists will go far to keep the money of this country inferior in character and less in amount proportionally to population than that of any prosperous country on earth.

Sir, it is true that the money of this country is less in proportion to population than it is in England, France, or Germany. But if we analyze the elements of which those currencies are respectively composed, it will be found that our inequality is owing to the greater quantity of coin in those countries. In other words, while they have a larger volume of currency, we have a much larger volume of paper circulation than they have. In this one fact of a large volume of inconvertible and therefore depreciated paper currency we have a cause which puts a limit to any augmentation of money that will be commensurate with either the growth of our population or the increasing demands of business.

When the currency of a country consists of a depreciated legal-tender paper money it puts a stop to the inflow of any coin from abroad as completely as if there were a prohibitory tariff, and thus it renders impossible any increase by the laws of trade. It drives to foreign lands the stable and solid currency of the precious metals, and degrades what is retained into a commodity by driving it from the channels of currency and putting it into the hands of brokers. The law of an inconvertible paper currency issued by Government is, "Be it enacted, there shall be so much and no more;" and no matter what the demand of trade shall be, no matter what commerce shall require or how your population shall increase, you cannot add a dollar to that currency through the ordinary offices of trade, for the precious metals are excluded by it. Not fifty cents can be added unless a statute is enacted on the subject: "Be it enacted, so much more shall be issued." There is no escape from the bankruptcy of a people who are writhing under the curse of an inconvertible currency. It is an embargo upon the importation of the precious metals as money, (of gold and silver alike.) It deprives the nation in which it exists of just those agencies which increase and decrease the currency of other countries according to the increasing or diminishing needs of business. You have confirmation of this in all those states in which an inconvertible currency exists, Italy and Russia and Spain; all have but little of coin compared to their paper circulation.

But it is said that this measure is needed not so much to swell the amount of money now in circulation as to arrest the fearful process of contraction, to which the enforcement of resumption is subjecting the people.

Mr. President, if it is so absolutely necessary to relieve our people of the pressure of contraction would it not be best to pursue the shortest way to that end by stopping the process of resumption, rather than to resort to a measure whose effects cannot be known until after the experiment is made?

Sir, the resumption act was not made a law by my vote or with my consent. In common with many others I foresaw the difficulties which have arisen in its enforcement. The objections of John C. Calhoun to the coercion of specie payments by Government made a most profound impression upon my mind long ago. But the relation of the Government to the subject was just the reverse of what it is now, and the condition of things when he spoke was different from what it is now. It is not true, by the way, that the great South Carolinian ever favored an inconvertible currency. At that time the Government was itself out of debt and it was the creditor of the indebted classes, it could afford to be generous in its policy. It is now the debtor, and perhaps may be considered as confronted by different obligations. Sir, the remonetization of silver will not relax or arrest the contraction growing out of resumption. In my opinion its effect just at this time may be the most disastrous of contraction instead of expansion.

The policy of resumption has been entered upon. To go back will simply involve us in more evils than those which it has brought upon us. From various circumstances many things point to a speedy resumption of specie payments, whether anybody wants it or not. Gold was quoted a short time since as low down as 102. Everything points to a speedy equality between the values of gold and greenbacks. If nothing in our legislation prevents it, I think that equality will come very soon. It is manifest now that when gold and greenbacks are at par gold will cease to be a commodity and pass into the circulation. All motive to hoard it or to make brokerage upon it or to speculate in it as a commodity will be taken away. If this be the case it will at once increase the volume of available currency by the whole amount of gold in the country, and I think that is put at \$130,000,000 by some of the estimates. Some say \$180,000,000 and some \$200,000,000. In spite of everything that is being done to prevent specie payments from being resumed the natural condition and effect of our business relations are bringing the two together. When the greenback and the gold dollar are equal it does not necessarily follow that we resume specie payments or that we can maintain resumption. But that circumstance will immediately unlock the door of the stock of gold in this country and put it in circulation; it will make it part of the currency of the country. Suppose that just when we are so near the unlocking of the door which has kept gold out of the currency of the country for so long, and just when we are in sight of it we by the passage of a silver bill lock it up again. We have not any silver currency in this country except subsidiary coin; altogether I believe it is less than \$40,000,000. It will take many years for the Government to coin a silver currency and put it in circulation. The manufacture of silver coin, I see it stated, is a slow process, the handling of silver is a slow process, and the immediate effect would be to drive out this volume of gold already here and put in place of it the smaller volume of silver that would be available in a short time. This would be a contraction of the currency sharper and more disastrous than anything that can be anticipated from the present condition of affairs.

But it is said the remonetization of silver at the ratio fixed by this bill of 16 to 1 will give increase of compensation to the laboring classes through the higher prices which it will produce and to the indebted classes increased means of discharging their debts.

First, let us see what the effect will be upon laborers, even conceding that it will produce high prices. The two things which are least affected by a change in prices are labor and real estate. Everything else rises or falls, as the case may be, before they do. What, then, is the situation of the laborer, who has been earning a dollar a

day, after the price of everything has risen ten cents on the dollar, or which is the same thing after the dollar has been depreciated ten cents? The price of his labor is the same. He receives the same amount of pay which he received before—that is, a dollar a day—but he receives it in a dollar cheaper by ten cents while he has to pay for everything he purchases a higher price, and therefore the value of the money which he receives for labor is less and brings him fewer comforts than it did before.

Look at the price of labor in any of the tables that have been published and you will find it as firmly fixed as any law that the prices of labor and of real estate go up more slowly than anything else. Therefore, any change which brings higher prices to a country and unnaturally raises the prices as certainly brings oppression and distress upon the laborer for the time being. But more especially will this policy fail to benefit the farmers of the South and West. They have nothing to pay their debts with except the money which they make over and above their current expenses. They must first pay the current expenses of the year and then apply their surplus to the debts which are now pressing upon them.

The Senator from Ohio, in reply to a question from the Senator from Connecticut [Mr. EATON] as to the price in gold in the markets abroad, said "what have we to do with abroad?" Sir, we of the South have everything to do with abroad. The great production of the South has its price fixed at Liverpool in a gold market, and that dominates the price of the same product with the manufacturers of the North. Then with the proceeds of the sale thus made at the price fixed at Liverpool they are compelled to pay their expenses, the necessities and comforts of life, at the high prices ruled by a depreciated currency. There is no people on earth who can stand such a process long. Senators have dilated upon the evils of a contracting currency. They are very great under some circumstances but they are not comparable to those of a people who, having to sell what they produce in a market of low prices, are doomed by the laws of their country to buy all they consume in a market of high prices. There are exceptions to the rule in reference to contraction. There was a greater contraction of the currency, far greater, between 1866 and 1870, than since 1873, and yet that has been counted a period of great prosperity. The pecuniary distress which we have here is not confined to the United States; it extended to Europe, and was just as great. But there was one great difference. The period of contraction here was a period of unexampled expansion of currency there. So the rule does not seem to be an invariable one, that expansion of currency brings prosperity or that contraction brings financial adversity. But it is a law to which there is no exception, that a people will sooner or later come to hopeless insolvency who, selling the product of their annual toil in a market of low prices, are compelled to buy for themselves their food and clothing and shelter in a market of high prices. Nothing can be more destructive; not even the ravages of armies, "or the outpouring of floods, or the withholding from the parched and thirsty earth the refreshing rains of heaven."

Mr. President, we have two great American products in this country. One is the cotton product. That product commands gold everywhere on the globe with the single exception of the spot where it is produced. Not a human being handles this product of Southern agriculture, the product of American soil and American labor, not one man touches it beyond the confines of America who cannot command gold for it at its own price; but the producer of it, he who digs and delves and plows the earth does not obtain what the product of his

labor will command over all the world besides. There is another product here in the gold mines of this country, produced in American soil, by American labor. The gold mines in the United States are more productive than any in the world. Indeed they produce more than half of the annual product of the world. They produce more gold than do our silver mines, and yet the product of gold and the product of cotton cannot come together upon this continent.

By some malign influence gold, the product of American soil, the product of American labor, and cotton, the product of American soil and the product of American labor, are kept apart, divorced, and the very moment they leave the country, the very moment they depart from your shores, they leap together as by a natural affinity, and live in indissoluble wedlock in every other clime on earth. What is the cause of this? There is but one cause, and that is, you have here a currency which will not allow the farmer, with his potatoes, or his wheat, or his cotton, or any other product, to get gold money with that product. You have a currency which drives gold from your shores, leaving you an inconvertible currency, a depreciated currency, a currency which forces the cotton-grower of the South and the wheat-grower of the West to take for these articles the prices fixed by a gold standard abroad, and to make their purchases here at the higher prices which a depreciated currency never fails to create.

Mr. President, I have said nothing about the effect of this measure in relation to the debtor classes of this country, except simply to demonstrate in my opinion that it will not give them the relief that is anticipated. I believe it will crush the indebted classes down further than before. Nor have I discussed the question whether the Government has a legal right to pay its bonds in silver dollars containing 412½ grains to the dollar. There is so much of magic bewitchment in the dialectics of construction, whether of contracts and bonds or of laws, that we are apt to overlook practical results. I am willing, for the sake of the argument, to put myself along with those who maintain the right of the Government, upon the strict letter of the contract, to thus discharge its obligations. There is no doubt that up to 1870 all that this Government had bound itself to do was to pay a bond of \$1,000 in \$1,000 of gold or one thousand silver dollars of the then standard value, and that standing upon that contract the Government could pay its bonds in that way; but in 1873 the Government prohibited the coinage of silver dollars and by legislation withdrew the legal-tender quality from silver. Has not that something to do with this question? Senators have contended that the value of silver has depreciated by demonetization. If this Government by its own act has lowered the value of silver, can it now equitably claim to pay its obligations in a metal which itself has demonetized and depreciated in the markets of the whole world? Is it not estopped by its own act from insisting upon its right to pay in this coin thus depreciated and demonetized, not by events beyond the control and agency of the Government, but by the Government itself.

I shall not go into the agencies which produced that legislation. I have nothing to say of the powerful arraignment made by the Senator from Indiana, [Mr. VORHEES.] I do not run across that argument of his, masterly, refulgent, and sharp as it was; but, whatever may have been the error, whatever may have been the wrong of the party which fastened that legislation upon the country, it is an act of the Government, and it imposes an obligation as solemn as national honor can impose. Silver was demonetized by the sovereignty of the Government of the United States, and according to your own argument its depreciation this day is owing to that cause, and no other.

Now, sir, conceding that the strict letter of the contract with the public creditors allows the payment of all its bonds, even those issued since 1873, (for which gold in full was received,) in a coin depreciated by its own acts of demonetization, does it follow that such a construction is the proper and rightful one as to the true spirit and intent? Such a construction comes under the condemnation of the old legal maxim, *Qui heret in litera heret in cortice*: sticking like a worm in the bark and gnawing away that which protects the life of the fair and stately tree of national credit.

Senators speak of restoring the silver dollar to its legal *statu quo* before the demonetization by remonetizing it. Sir, does not the obligation go further? If we are determined to restore the *legal* relation of silver to gold as it was before demonetization, ought we not to restore its *actual* relation also; to put it where it was in point of fact as well as of law?

The argument of the Senator from Missonri is ingenious. But the special pleading which he gives is supposed to be conducted as in a snit between two *individuals* before a *court of law*. This I respectfully submit is a fallacy. National credit is quite a different thing from individual credit. An individual is subject to the processes of law. He can be compelled to comply by the judgment of court. Mortgages can be foreclosed upon his estate and execution will bind his goods and chattels. Not so with the nation. No lien can bind its property; execution cannot issue against it.

The security of any investment in its obligations rests not in legal enforcement. Then where is the security? It is in nothing but a sentiment: good faith, *national honor*. What a frail tenure in one sense, and yet how strong in another. Let universal confidence be felt in that honor, and the credit of the nation rests upon a rock, and an earthquake cannot shake it; but let one breath of suspicion touch it and it crumbles into irretrievable ruin.

Cicero, speaking of public faith, said:

The state to its citizens speaks through its own statutes, decrees, and edicts; but in treaties it speaks the language of universal justice and right as ordained by the immortal gods.

Sir, England has a greater debt than ours. The interest she has to pay is only 3 per cent. What is the cause of this low rate? Nothing, sir, but the sentiment everywhere prevailing of confidence in the sensitive regard which that nation has for its public credit.

In a few years our bonds will fall due. We cannot expect to pay them. We shall have to borrow the entire amount again in the markets of the world. At what interest depends upon our credit. The rate of interest is always measured by the comparative safety or risk of the investment. The risk is always covered by a high interest as a certain compensation against ultimate probable loss.

Now, sir, the question in reference to the debt of this Government is not *How* shall it be paid? but *How shall it be carried*? Shall it be carried with a heavy burden of high interest or a light burden of low interest? This alone, it seems to me, ought to settle the question of the policy of paying the bonds in a depreciated coin. It has been shown that we could have saved, but for the agitation of this question, \$20,000,000 a year by funding in 4 per cent. bonds, which has been stopped simply by the pendency of this bill. I call attention for a moment to the reply of the Senator from Tennessee [Mr. BAILEY] to the calculation of a gentleman who was before the Committee on Finance, showing this fact:

It is urged with much force, however, that the restoration of the silver dollar and making it legal-tender money for the payment of debts, public and private, will prevent the funding of the public debt at a lower rate of interest, and tables have been prepared showing the sums the *Government* will save by an abandonment of silver. I have one of these tables now before me, prepared by Mr. Ellis, a

banker in the city of New York, and, as the newspapers say, read before a committee of the House of Representatives. I will read it:

I have made a table showing the amount to be gained, provided the Government can continue its funding operations as at present, on the supposition that if the silver bill is passed and the principal and interest of the bonds are made payable in silver, its funding operations will cease. I will now read you the figures:

Amount of 6 per cent. bonds outstanding	\$720,000,000	
Annual interest on same		\$43,740,000
Amount of 5 per cent. bonds outstanding	705,000,000	
Annual interest on same		35,400,000
Total		79,140,000
If these bonds were funded at 4 per cent. the annual interest would be		57,480,000
Annual saving		21,660,000
If the 4 per cent. bonds shall be paid at their maturity, say thirty years, the total savings would be, not compounding interest		649,800,000
If the bonds should not be funded, and principal and interest should be paid in silver, and the relative value of gold and silver should continue as at present, say a difference of 8 per cent., the saving to the Government on the interest payments would be about		196,000,000
And on the principal would be about		115,000,000
Total, not compounding interest		311,000,000

Now, upon the assumption that we can fund our debt in 4 per cent. bonds, (and I do not doubt that we will.) and upon the further assumption that the effect of the legislation contemplated by these resolutions will prevent this funding, the statement makes out a strong case. The sum lost the Government is very large and exceeds \$15,000,000 a year. But will the fulfillment of our obligation destroy our credit? It may be injuriously affected for a time, not because of the fulfillment of the obligations of the contract in their essence and spirit, but because of the disappointment of unreasonable expectations. But when time shall have cooled the passions excited by these disappointments and the deliberate judgment of mankind shall be pronounced, the sentence will be reversed, and our credit will be strengthened by the firmness with which we have resisted these appeals.

There is some force in this suggestion, but it is not satisfactory. It may be that our credit will recover from the blow which would be given to it should our vindication be complete. But, sir, a character unassailed is immeasurably more precious to a nation than a character vindicated.

This is a most favorable opportunity for funding our national debt at a low rate of interest which may not come again. The conjuncture of events which has caused so much capital to be locked up, makes it seek safe investments at interest so low as to be very slightly remunerative. This may not last a long time. It must soon look for other investments. With anything like an improvement in business, investments will offer which will be more remunerative and the opportunity which the present financial condition of the world and the disturbed political condition of other nations now afford may pass from us never to return.

I distinctly state here that I believe that the purpose of all is to uphold the national credit. I am only stating what the dear-bought experience of nations has shown, that when the legislation of a nation is injurious to the interests of those who, trusting its honor, have invested loans of money to it, borrowed especially in its struggle for national preservation, their complaints and assaults, however unjust, will injure its credit, and the injury is always irreparable. I have had an illustration of this in the last few days.

A Senator, in a not unkind spirit, referred to the State of Mississippi as having repudiated her debt. Mr. President, I have no hope of ever removing that impression from the mind of the business public no matter how strongly I may reiterate the oft repeated explanation.

It has passed, it seems, beyond the power of correction. At the same time I must be permitted to repel that statement. The transgression which has attached to Mississippi the odium of repudiation is

one in which that State disclaimed no debt which she had either in law or fact contracted. Nor did her people receive one dollar from it. I have not the time to go into this matter now, even if it were pertinent to this discussion. I will merely make one statement. By the constitution of Mississippi at that time no Legislature could pledge her credit to anybody or in behalf of anybody, individual or corporate, except by the law of two successive Legislatures and by a vote in the interim of the people upon the act thus pledging its credit. What I mean is, that it required that any statute which loaned the credit of the State should first have to pass one Legislature, then be submitted to the people, and, after certain formalities complied with, passed by a second Legislature. Sir, that act which has attached to Mississippi so long the odium of repudiation never did pass two successive Legislatures; it was never submitted to the people of Mississippi. It was passed by one Legislature, executed in hot haste, and the proceeds of it were put in a private institution, and never a dollar did the treasury or the people of that State receive of the money thus raised in violation of her fundamental laws. The business public, the commercial world, had notice of this fundamental law of the State of Mississippi, and with that notice was superadded the proclamation of her executive forbidding any negotiation in these bonds thus unconstitutionally issued and illegally executed.

Mr. RANDOLPH. If I do not interrupt the Senator, I think the Senator from Mississippi and myself are not in exact agreement as to what I intended to say yesterday. He speaks now of the Union Bank bonds. I was speaking of the Planters' Bank bonds. I do not care to interrupt the Senator, and will only say that the Planters' Bank bonds were guaranteed by the constitution of the State of Mississippi passed in 1832; that from 1832 to 1852 the interest was paid upon those bonds, and that after that by the action of the people, which I regret as much as he, the interest ceased to be paid. I said that was practically repudiation.

Mr. LAMAR. Mr. President, the charge of repudiation made against Mississippi, and which has caused her to be held up to public reprehension, was not based upon her action with reference to the Planters' Bank bonds, but wholly upon the transactions connected with the Union Bank bonds. The affair of the Planters' Bank bonds which came afterward involves a different line of considerations from which the Senator must excuse me now, as I wish to give this subject only a passing notice.

Something was said in this discussion with reference to the benefits which are to result to the producing classes by this measure, and also as to the motives which prompt the opposition to it. It has been said that there are two classes in this country, one the producing class engaged in the active business of life, the laboring class; the other the capitalists of the country, those who derive their income from fixed estates, rents, interest upon bonds and stocks; and that upon this question a conflict between these two classes has arisen. Now, sir, so far as I have studied this subject I have seen nothing to justify such a classification. No man has greater respect and sympathy for the working classes than I. Sir, before the man who stands with bronzed brow and hardened hand and bent frame from his struggles with the earth for the subsistence of himself and his family I stand in modest deference and respect. I know something of that class at home. I have felt the heart-warm grasp of their hands and owe to their support all that I am. There is another class of workers, however, to whom I am under a greater obligation than I am even to those who have worked the earth and the material agencies of nature. They are those men who work with the brain, who in silence and in their

closets develop the great laws which rule society, who trace the phenomena of human government to their original principles and discover the laws which control governments and societies. They are men of genius, men from whose brains flow the great thoughts of which constitutions and laws and institutions are the mere external embodiment. It is to them that I am indebted for the views which control me in this vote, the men who are the true kings of earth, and who are really the authors of the considerations which have moved the enlightened governments of Europe in the management of their finances.

As to the other class, called the bondholders, I know nothing personally. Throughout the entire range of my acquaintance there are but three persons I know who are the owners of United States bonds. Will the Senate bear with me while I state who they are? One is a distinguished lawyer, one of the most upright men I ever knew, one whose rectitude in all the relations of life, be they to God or man, seems to be unexceptionable, a model to all who know him of intellect, integrity, and honor. He has never handled a dollar that he did not earn by the toil of hand and brain, or that he did not collect and pay over to his client. After making provision for his family and benefactions to the poor and distressed which were generous and munificent, he found himself at the end of each year with a small surplus of means. Being no speculator, never having in his life, I suppose, bought or sold for profit, and there being no property in Mississippi in which a man could at that time invest with security, for, alas! in my State property was poorer than labor and a more grievous burden than poverty—having no other means of investment at hand, he simply bought United States bonds as a deposit of his funds. Another was an old farmer who, by long years of industry and frugality and virtue, amassed sufficient fortune to purchase him a plantation in his declining years. The fortunes of war swept away everything from him except his real estate, which in 1863, before the desolating fires of reconstruction came down there and devoured everything, he sold, and bought just enough of bonds to bring him an income of \$1,200 a year. Upon that income the old man with his aged wife lives in a small cottage, educating their boys in our college near my little town. There is still another, a widow woman with three children. Her husband was a merchant. His affairs being wound up just before his death and his small estate converted into money, and there being no other investment, Government bonds were bought and with the income of those bonds they find shelter and raiment and food and education for the three little girls.

Sir, these are the only bloated bondholders that I know of in all this world. It is true that they get a very small income. By the way, let me say that there is not an investment in this country less remunerative than the bonds of this Government. There is scarcely an avocation that does not pay a larger percentage than United States bonds, when you consider the premium upon them and the small rate of interest that they bring. The men who make their fortunes by large and extortionate jobs are not the men who invest in these securities, it seems to me, although I confess I know but little about it.

It is true, as I was going to say, that the persons to whom I have just referred do draw semi-annually their small income in gold; but, inasmuch as we are told that greenbacks are the best currency we ever had, surely those who think so ought not to complain if they are paid in one that is not so good; but if they insist upon the injustice of the discrimination of paying the bondholder in gold and the laborer, and soldiers, and sailors, in greenbacks, I trust they will cease to find fault with those of us who wish to pay the soldier, the sailor, and the laborer in the same coin that is paid to the bondholder.

I repeat, I do not believe that the classification is a correct one. I do not believe that any such distinction exists in this country as that which places all the capitalists on one side and all the producing classes on the other. It is impossible that it should be so in a country of institutions like ours. Sir, property is too shifting, fortunes are too unstable here to organize society upon any such basis. Men who are laborers in a few years by industry and energy become capitalists, while those who were capitalists become in the mutations of fortune and the laws of trade among the class of laborers. There is not a citizen of this great Republic who can ever vote against the laboring classes of this country without striking a cruel blow at the interests of some of his own descendants, who are destined in the course of human events to swell the ranks of the laborers of this country; nor, on the other hand, can any man cast a vote against the capital class of this country that will not throw obstructions in the way of his own posterity.

I cannot forget one thing, that we of the South at least owe much of the success of the opposition which has been made to the repressive policy of this Government to the conservative influence which capital has exerted in the politics of this country. But for that, I do not know that Mississippi, and Alabama, and Arkansas, and Florida would not this day be under the iron rule of the force bills which were defeated but a few years ago. Much has been said about the city of New York. New York City has been most generally democratic, and she has often stood by the South when popular majorities elsewhere were hostile.

Sir, I again insist that it cannot be maintained that any such distinction exists between the two classes in this country or that it ever did exist. Sir, where have the commercial class and the planting class of the South been in every struggle in which the interests of labor were concerned? In the revolutionary war to what class did John Hancock, of Massachusetts, and Charles Carroll, of Maryland, and George Washington, of Virginia, belong? What did they say in the Declaration of Independence?

We mutually pledge to each other our Lives, our *Fortunes*, and our sacred Honor.

Did they risk fortune or life grudgingly because the success of their cause was to raise the great body of their laboring fellow-countrymen to a freer and broader and higher life? Who in 1812 defied the power of England in all her might, to protect the humblest citizen who by his labor contributed to our wealth and to our glory? Sir, where will you find the champions of free trade, the opponents of extravagant taxation, the steady opponents of moneyed monopolies and the speculations of those who are not capitalists, but who by congressional plunder seek to make themselves capitalists? Who but the democratic representatives of every class in this country—the farmers of the West, the merchants of the North, and the planters of the South?

Why, sir, were not the planters of the South at the time they were denounced as bloated slaveholders, as an *effete* aristocracy, always considered as the sure allies of the democracy of the North? They stood always by the laboring classes of the North, and with Jefferson and Madison and Jackson and Polk as Presidents always kept the power of capital from interlacing itself with the powers of government; and whatever else may be laid to their charge they maintained their fidelity to the interests of the laboring classes of the North down to the very time of the extinction of their influence in this Government. I say this because I speak of what I have witnessed. I was here amid the closing scenes of that influence. One of them I can never forget. I remember hearing on this floor the then distinguished Sen-

ator from New York, (Mr. Seward,) who has even become more conspicuous in the more eventful times which have come since, declare that the power had departed from the South; that the scepter was now taken from her hand, and that henceforth the great North, stronger in population and in the roll of sovereign States, would grasp the power of government and become responsible for its administration. I am aware that I listened to him with impatience and perhaps with prejudice. For it seemed to me that he spoke in a spirit of exultation that scarcely realized the magnitude of the task about to devolve upon him and his associates. It struck me that he spoke in a spirit far removed from that sadness and solemnity which I think always weighs upon the mind and the heart of the truly great man in the presence of a grave crisis of national life.

I remember the answer that was made to him by a South Carolina Senator, Governor Hammond, who sat near where my friend from Indiana [Mr. VOORHEES] now sits. He was surrounded by a circle of southern statesmen whom no future generation will see surpassed in ability or purity, be the glory of our growth, as I trust it will be, unrivaled in the history of nations. There was James M. Mason, the square and massive simplicity of whose character and purity stands monumental in our annals. There was his accomplished colleague, Robert M. T. Hunter, whose clear and broad statesmanship found fitting expression in a scholarly eloquence that drew friends and opponents into the same circle of admiring affection. There was Slidell, with his shrewd and practical wisdom, and, near him, J. P. Benjamin, whose astuteness and skill and eloquence and learning have since rebuilt his fame and his fortune in that Olympic field of mental conflict, the great courts of Westminster. There was Robert Toombs, who never spoke without striking at the heart of big thoughts and kindling the ideas of all who listened to him. There was Clement C. Clay, the cultured student whose heart was the sanctuary of lofty feeling and stern principle. There was Albert G. Brown, from my own State, who never had an aspiration not in sympathy with the wants and feelings of his own people, who yet was never overawed by their prejudices or swerved from his convictions by their passions. There was another—Jefferson Davis—Mr. President, shall I not be permitted to mention his name in this free American Senate which has been so free to discuss and condemn what it has adjudged to be his errors—one who has been the vicarious sufferer for his people, the solitude of whose punishment should lift him above the gibe and the jeer of popular passion—but whose words will stand forever upon the record of history; not in defiance, not in triumph, but as the sad and grand memoranda of the earnest spirit, the lofty motives of the mighty struggle, which, however mistaken in its ends and disastrous in its results, was inaugurated by those who believed it to be in the interest of representative liberty and constitutional government.

Among these, and surrounded by others like them, the Senator from South Carolina, with that noble presence which lives in the memory of all who ever saw him, addressed to his Northern associates on this floor the words which I have never seen in print from that day to this, but which I can never forget; and which, if the Senate will permit me, I will here repeat:

Sir, what the Senator says is true. The power has passed from our hands into yours; but do not forget, it cannot be forgotten, it is written upon the brightest page of history, that we the slave-holders of the South took our country in her infancy, and after ruling her for sixty out of seventy years of her existence, we return her to you without a spot upon her honor, matchless in her splendor, incalculable in her power, the pride and admiration of the world. Time will show what you will do with her, but no time can dim our glory or diminish your responsibility.

Sir, it is not for me to say what has been done with it. The ar-

raignment of the Senator from Indiana [Mr. VOORHEES] is still before the country. There is testimony, however, by a witness who may be regarded as more impartial—a judge sterner than he; I will read what he says:

My own public life has been a very brief and insignificant one, extending little beyond the duration of a single term of senatorial office; but in that brief period I have seen five judges of a high court of the United States driven from office by threats of impeachment for corruption or maladministration. I have heard the taunt, from friendliest lips, that when the United States presented herself in the east to take part with the civilized world in geueous competition in the arts of life, the only product of her institutions in which she surpassed all others beyond question was her corruption. I have seen in the State in the Union foremost in power and wealth four judges of her courts impeached for corruption and the political administration of her chief city become a disgrace and a by-word throughout the world. I have seen the chairman of the Committee on Military Affairs in the House, now a distinguished member of this court, rise in his place and demand the expulsion of four of his associates for making sale of their official privilege of selecting the youths to be educated at our great military school. When the greatest railroad of the world, biuding together the continent and uniting the two great seas which wash our shores, was finished, I have seen our national triumph and exaltation turned to bitterness and shame by the unanimous reports of three committees of Congress—two of the House and one here—that every step of that mighty enterprise had been taken in fraud. I have heard in highest places the shameless doctrine avowed by men grown old in public office that the true way by which power should be gained in the Republic is to bribe the people with the offices created for their service, and the true end for which it should be used when gained is the promotion of selfish ambition and the gratification of personal revenge. I have heard that suspicion haunts the footsteps of the trusted companions of the President.

These things have passed into history. The Hallam or the Tacitus of the Siamundi or the Macaulay who writes the annals of our time will record them with his inexorable pen. And now, when a high Cabinet officer, the constitutional adviser of the Executive, flees from office before charges of corruption, shall the historian add that the Senate treated the demand of the people for its judgment of coudemnation as a farce and laid down its high functions before the sophistries and jeers of the criminal lawyer? Shall he speculate about the pretty political calculations as to the effect on one party or the other which induced his judges to connive at the escape of the great public criminal? Or, on the other hand, shall he close the chapter by narrating how these things were detected, reformed, and punished by constitutional processes which the wisdom of our fathers devised for us, and the virtue and purity of the people found their vindication in the justice of the Senate?

Mr. President, we, the successors of these men, are here to-day. By a policy which is a noteworthy fact in the nineteenth century, we have come to mingle with the Representatives from the States of this Union in a common council for the good of this country. We come no longer as representatives of the capital interests of the South. We come not as the mere allies of the laboring-men of the North any longer, but as laborers ourselves, every one of us and every one of our constituents taught the stern lesson of necessity of earning our bread in the sweat of our face. But, sir, we come with our convictions unchanged as to the necessity of the laboring classes of this country being protected in all their rights and in all their interests, for when that class sinks the entire fabric of our society must sink and crumble; but we come believing that they are honest, that they are patient, that they are self-reliant and true to their obligations, and that what it is their duty to do they will feel it is to their interest to do. We have differed among ourselves upon this great question; but of one thing the world may be assured, that no southern Senator representing southern people will give a vote upon either side of it which is not designed on the one hand to protect the laboring classes of this country alike with its capital or on the other that will not preserve untarnished the sacred honor of America.

